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FISCAL IMPACT REPORT

SPONSOR: Swisstack DATE TYPED: 2/19/03 HB 707

SHORT TITLE: Increase Rates Paid to Child Care Programs SB _____

ANALYST: Chabot

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$400.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth and Families Department (CYFD)

SUMMARY

Synopsis of Bill

House Bill 707 appropriates \$400.0 from the general fund to CYFD for the purpose of increasing the differential rates paid to childcare programs based on demonstrated levels of quality by participation in the Aim High program or through national accreditation. The bill does not specify amounts the differential will increase to individual providers; CYFD will have to make that determination through the rule-making process.

Significant Issues

The Aim High program is designed to improve the quality of childcare by offering providers program development consultation as they work toward quality levels and accreditation. There are five levels of participation from lowest to highest: program administration; environment and curriculum; professional development; ratios; and national accreditation. Each level has specific indicators that must be met before moving to the next level.

Differential rates are added to the administrative base per month per child and are as follows:

Level 3: Professional development	\$16.50
Level 4: Ratios	\$33.00
Level 5: National accreditation	\$66.00

The increase in differential rates resulting from the appropriation in this bill has not been determined by CYFD; however, an increase in the differential should encourage childcare providers to participate in the Aim High program.

FISCAL IMPLICATIONS

The appropriation of \$400.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2004 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

CYFD childcare assistance regulation will need to be revised to reflect the new rates.

OTHER SUBSTANTIVE ISSUES

CYFD states “when state government increase childcare rates, there is the potential for an increase in childcare rates for non-CYFD families impacting accessibility and affordability of childcare services to the general public.”

POSSIBLE QUESTIONS

1. How were the existing Aim High differential rates determined?
2. How many providers are participating in the program?
3. What is the estimated increase per provider funded by this bill?
4. Will other providers choose to participate in this program because of the differential increase?

GAC/sb